



Impact of SARS Industrial Action on Tax Practitioners

Results of a SAIBA tax
practitioner survey

August 2022

saiba

SOUTHERN AFRICAN INSTITUTE
FOR BUSINESS ACCOUNTANTS

Chartered Institute for Business Accountants (formerly SAIBA)

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Background

Tax practitioners are an essential part of a country's economic and tax system.

Without tax practitioners that provide support to millions of taxpayers, South Africa will not be able to collect the required R1,5 trillion in taxes annually.

In many ways tax practitioners are the first line of defence against tax fraud and money laundering activities and can be fruitfully utilised by tax authorities to ensure a fair and ethical tax system.

They are moral agents and an early detection tool.

Tax Practitioners are our heroes. They reduce the cost of doing business for SME's and without tax practitioners the tax collection system will collapse.

The mission of SAIBA is to ease the costs of doing business for tax practitioners so that they can keep more of their profits and not spend this wasting time using slow tax systems.

We estimate that there are only 5.2 million individual taxpayers (2020), representing approximately 9% of the population, contributing 40% of South Africa's total tax revenue. Breaking it down further, about 20% of individual taxpayers contributed to three-quarters of personal income tax revenue in 2020.

Industrial action

After weeks of negotiations, the SARS Industrial Action came to an end earlier in August 2022.

It is never a good time for work stoppages and this time was no different.

How did the strike impact on the work of tax practitioners?

With the strike in its fourth week, SAIBA took the initiative to reach out to our members to learn how the strikes have affected them and their clients. The survey was taken by 241 tax practitioners, all of which are members of SAIBA.

The following questions were posed to members:

1. What is the biggest headache caused by the industrial action for you and your clients? Why?
2. How much fees have you lost due to the industrial action over the last three months?
3. Would you be able to work overtime should SARS extend filing deadlines with 30 days to ensure that delayed taxes are filed?

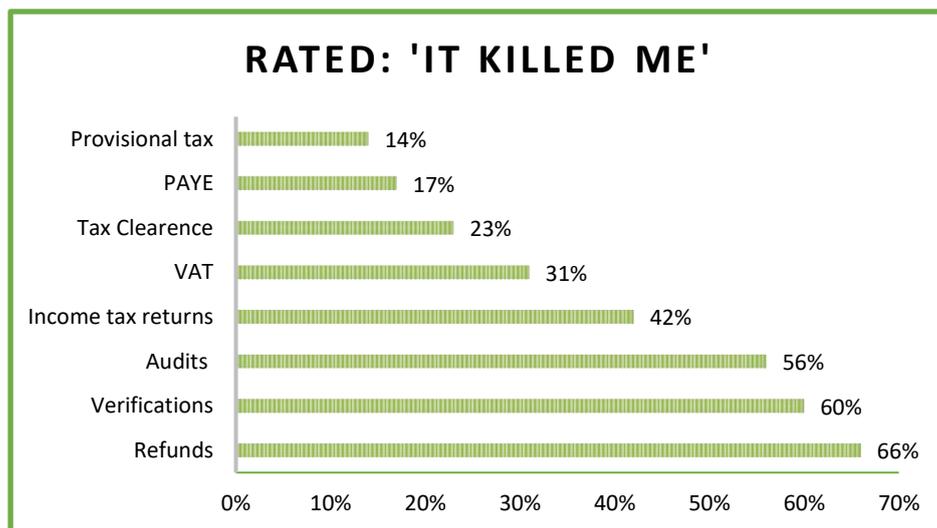
Analysis of responses

“Lack of communication from SARS is the biggest headache for tax practitioners”

Most of the participants named the lack of communication by SARS as their biggest challenge during this time. The lack of assistance from SARS staff members, including missing appointments and delayed feedback, was found aggravating in many instances. One participant emphasized that SARS has excellent IT systems and that there wouldn't be any issues if more resources and time were put into maintaining them.

According to members ratings, the biggest impact was found to be services relating to refunds (66%), followed by verifications (59.57% rating), and audits (56.57%). The most adversely affected services were found to be income tax returns with the filing season opening on 1 July. 42% of members indicated serious concerns. From monthly services VAT filing was marked as most affected. Due to the timing of work stoppages, PAYE filing and provisional taxes were the least effected.

Diagram 1. Services and functions rated most affected by the industrial strike action



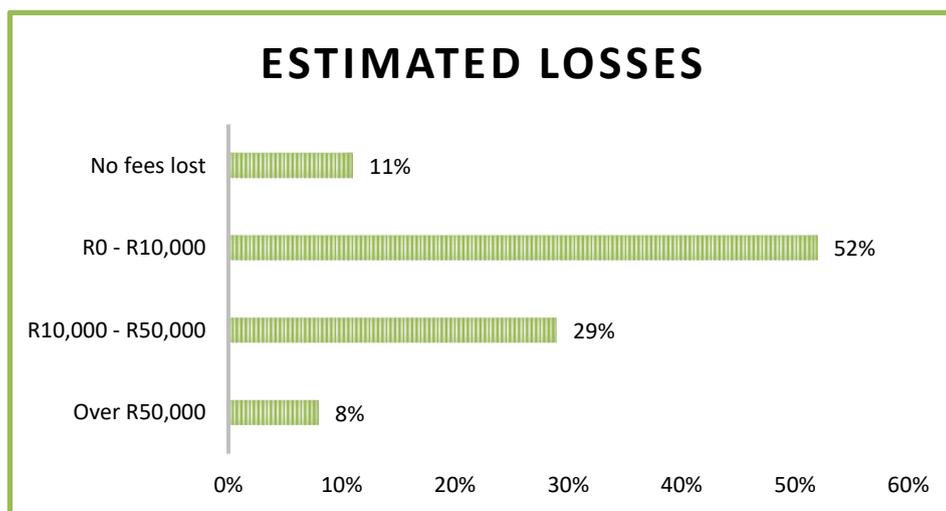
“Industrial action has a direct effect on our ability to earn a living”

81% of members reported that the Industrial action has led to losses in their businesses.

52% indicated the losses being less than

R10,000 with 29% had suffered losses more than R10,000.

Diagram 2. Estimated losses suffered by members due to the industrial strike action

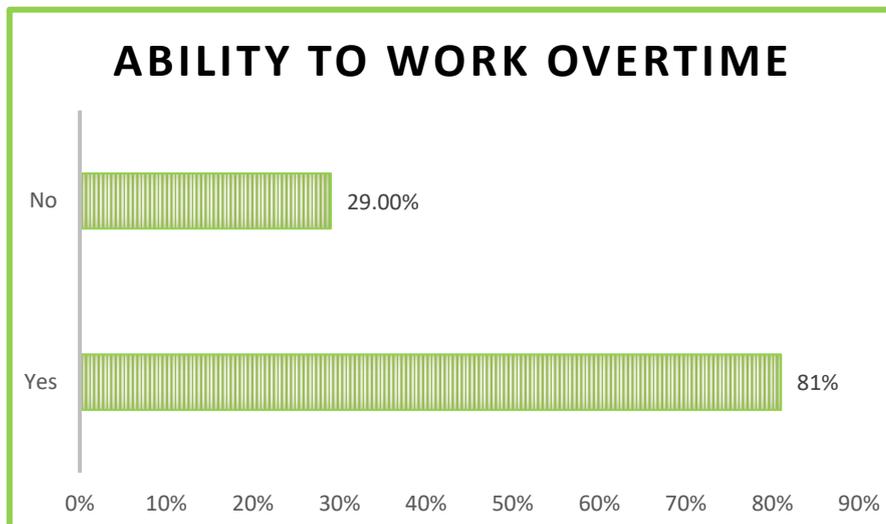


“We will work overtime to assist SARS with catching up on list hours due to the industrial action”

If SARS decides to extend the filing deadlines by 30 days, 81% of the members indicated that they are willing and able to work extra to assist clients with meeting deadlines.

However, most SAIBA members believe that such overtime will lead to further losses in their businesses. They also believe that they are left with no real alternatives by SARS.

Diagram 3. Members willingness and ability to work overtime on backlogs



Conclusion

“SAIBA urges SARS and employee organisations to not pose additional strain on tax practitioners and consider the impact on tax practitioners”

The SARS industrial strike action left tax practitioners and taxpayers in a difficult position. There were many challenges noted with communicating with SARS, online functions were not always available and telephonic meeting appointments were often not honoured. This caused high levels of uncertainty, fear of non-compliance and financial losses.

In addition, the aftermath of the strike with practitioners left to deal with the backlog of returns and other submissions requiring additional time and costs.

SAIBA urges all stakeholders to not pose additional strain on tax practitioners and resolve outstanding matters with due care. SAIBA intends to use the results of this survey to inform and recommend actions to SARS in the month coming.

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